AMENDED IN ASSEMBLY AUGUST 21, 1998

AMENDED IN ASSEMBLY AUGUST 13, 1998

AMENDED IN ASSEMBLY JULY 30, 1998

AMENDED IN ASSEMBLY JULY 6, 1998

AMENDED IN ASSEMBLY JUNE 9, 1998

AMENDED IN ASSEMBLY JULY 17, 1997

AMENDED IN ASSEMBLY JUNE 30, 1997

AMENDED IN SENATE MAY 19, 1997

AMENDED IN SENATE MARCH 31, 1997

SENATE BILL No. 956

Introduced by Senator Rosenthal

February 27, 1997

An act to add Section 1348 to the Health and Safety Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 956, as amended, Rosenthal. Insurance fraud.

(1) Existing law provides for the regulation of health care service plans by the Department of Corporations. A willful violation of these provisions by a health care service plan is a crime.

This bill would require every health care service plan to establish an antifraud plan, as specified, which would be required to be submitted to the department no later than July

1, 1999, *and thereafter as required by the department*. It would also require the ~~commissioner to require every~~ plan to *make an annual* report ~~on an annual basis~~ on its efforts to deter, detect, and investigate fraud, as specified, and to report cases of fraud to a law enforcement agency.

Because a willful violation of these provisions by a health care service plan would be a crime, this bill would impose a state-mandated local program by creating new crimes.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 1348 is added to the Health and Safety Code, to read:

1348. (a) Every health care service plan licensed to do business in this state shall establish an antifraud plan. The purpose of the antifraud plan shall be to organize and implement an antifraud strategy to identify and reduce costs to the plans, providers, subscribers, enrollees, and others caused by fraudulent activities, and to protect consumers in the delivery of health care services through the timely detection, investigation, and prosecution of suspected fraud. The antifraud plan elements shall include, but not be limited to, all of the following: the designation of, or a contract with, individuals with specific investigative expertise in the management of fraud investigations; training of plan personnel and contractors concerning the detection of health care fraud; the plan's procedure for managing incidents of suspected fraud; and the internal procedure for referring suspected fraud to the appropriate government agency.

(b) Every plan shall submit its antifraud plan to the department no later than July 1, 1999, *and thereafter as*

requested by the department. The submission shall describe the manner in which the plan is complying ~~with subdivision (a) and the name of a contact person who will be responsible for communicating with the department and the local district attorneys on matters related to health care fraud. The name of the contact person shall not be made part of the public record.~~

~~(c) The commissioner shall require every plan to report on an annual basis on its efforts to deter, detect, and investigate fraud and to report cases of fraud to a law enforcement agency. The annual report shall include, to the extent known by the plan, the number of cases prosecuted. The annual report may include recommendations to the commissioner on ways to improve efforts to combat health care fraud.~~ *with subdivision (a), and the name and telephone number of the contact person to whom inquiries concerning the antifraud plan may be directed.*

(c) Every health care service plan that establishes an antifraud plan pursuant to subdivision (a) shall provide to the commissioner an annual written report describing the plan's efforts to deter, detect, and investigate fraud, and to report cases of fraud to a law enforcement agency. For those cases that are reported to law enforcement agencies by the plan, this report shall include the number of cases prosecuted to the extent known by the plan. This report may also include recommendations by the plan to improve efforts to combat health care fraud.

(d) Nothing in this section shall be construed to limit the commissioner's authority to implement this section in accordance with Section 1344.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition

of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

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